

Message Text

LIMITED OFFICIAL USE

PAGE 01 BERN 01071 151927 Z

43

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-02 DODE-00 PA-03 USIA-12 PRS-01

FS-01 ABF-01 INRE-00 /167 W

----- 064253

P 151730 Z MAR 73

FM AMEMBASSY BERN

TO SECSTATE WASHDC PRIORITY 7423

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS PRIORITY

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS PRIORITY

USMISSION EC BRUSSELS

AMECONSUL ZURICH UNN

LIMITED OFFICIAL USE BERN 1071

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/A

TAGS: EFIN SZ

SUBJ: SWISS FOREIGN- EXCHANGE AND GOLD DEVELOPMENTS

1. CONVERSATIONS WITH ZURICH COMMERCIAL BANKERS (BOTH SWISS AND
AMERICAN) INDICATE THEY GENERALLY PESSIMISTIC THAT FRIDAY'S
PARIS MEETING OF FINANCE MINISTERS WILL PRODUCE ANY SOLUTION
TO CURRENT MONETARY PROBLEMS. OPINIONS RANGE FROM CAUTIOUS PES-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BERN 01071 151927 Z

SIMISM TO DOWNRIGHT DESPAIR. CONSENSUS IS THAT EC COUNTRIES WILL BE UNABLE TO PULL THEMSELVES TOGETHER SUFFICIENTLY TO SPEAK TO USG WITH ONE VOICE. IN THIS SITUATION BANKERS BELIEVE THAT US NEGOTIATORS WILL RETURN HOME TELLING EC MINISTERS THAT USG WILL BE HAPPY TO HELP PUT TOGETHER A NEW SYSTEM WHEN THE EC COUNTRIES DECIDE WHAT THEY WANT.

JUST A FEW DAYS EARLIER. SUDDEN GLOOM MAY HAVE BEEN BROUGHT ON BY WEAKENING OF DOLLAR IN MARCH 15 TRADING DUE TO 30 MILLION SALE OF DOLLARS BY NEW YORK BANKS IN ZURICH FOREIGN EXCHANGE MARKET LATE MARCH 14. AS OF 1600 HOURS LOCAL TIME MARCH 14, SPOT DOLLAR CLOSED AT SF 3.265/3.27 AFTER THREE DAYS OF STEADY IMPROVEMENT. MAJOR SWISS COMMERCIAL BANKS CONTINUE TRADING AFTER 1600 HOURS HOWEVER (SOME AS LATE AS 2100 HOURS TO ACCOMMODATE NEW YORK CUSTOMERS), AND LATE IN AFTERNOON NEW YORK BANKS SOLD 30 MILLION DOLLARS IN A VERY THIN MARKET. CONSEQUENTLY, SPOT DOLLARS OPENED MARCH 15 LOWER AT SF 3.2225/3.2325, FLUCTUATED DURING DAY, AND CLOSED AT SF 3.20/3.21.

3. UNCERTAINTY IN MARKET REFLECTED IN WIDENING OF DISCOUNTS ON FORWARD DOLLAR TRANSACTIONS. ON ANNUALIZED BASIS AS OF MARCH 15 DISCOUNTS WERE 6.4 PERCENT, 5.3 PC, 4.6 PC, AND 3.4 PC FOR CONTRACTS OF ONE-, TWO-, THREE-, AND SIX- MONTH MATURITIES.

4. ON LOW VOLUME OF TRADING MARCH 15 PRICE OF GOLD WENT UP SLIGHTLY WITH OPENING OF DOLS 79.50/81.00 AND CLOSE OF 81.75/83.00.

DAVIS

LIMITED OFFICIAL USE

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BERN01071
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730329/aaaahusg.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jul-2001 by izenbei0>; APPROVED <23-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971204
Subject: SWISS FOREIGN- EXCHANGE AND GOLD DEVELOPMENTS
TAGS: EFIN, SZ
To: BONN
BRUSSELS
EB
LONDON
LUXEMBOURG
PARIS
ROME

SECSTATE WASHDC

STOCKHOLM

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005